



# The Aerospace Industry in Southern California

## LAEDC Mid-year Forecast

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**LOS ANGELES COUNTY**  
ECONOMIC DEVELOPMENT CORPORATION

# The Aerospace Industry

- Why did Southern California become a focal point for the **AEROSPACE** industry?
- Is **AEROSPACE** still an important industry in Southern California?
- What is the future of the **AEROSPACE** industry in the region?

# A Little History...

**1908:** The Aero Club of California organized the first aviation show in the U.S. in Rancho Dominguez

**During WWII:** Southern California's aerospace firms produced tens of thousands of aircraft: B-24 Liberator; XP-61 Black Widow; B-36 Bomber; P-51 Mustang Fighter

**After WWII:** Technological innovations pioneered by Southern California's aerospace firms made the industry an important driver of economic growth in the region

**End of Cold War:** Defense budget cuts, base closures, firm consolidations; massive job losses, recession

# Why California?

- Weather
- Infrastructure: test fields, universities, research centers
- Abundance of skilled labor
- Strong electronics industry

At the height of the Cold War, **15** of the **25** largest aerospace companies in the United States were located in Southern California

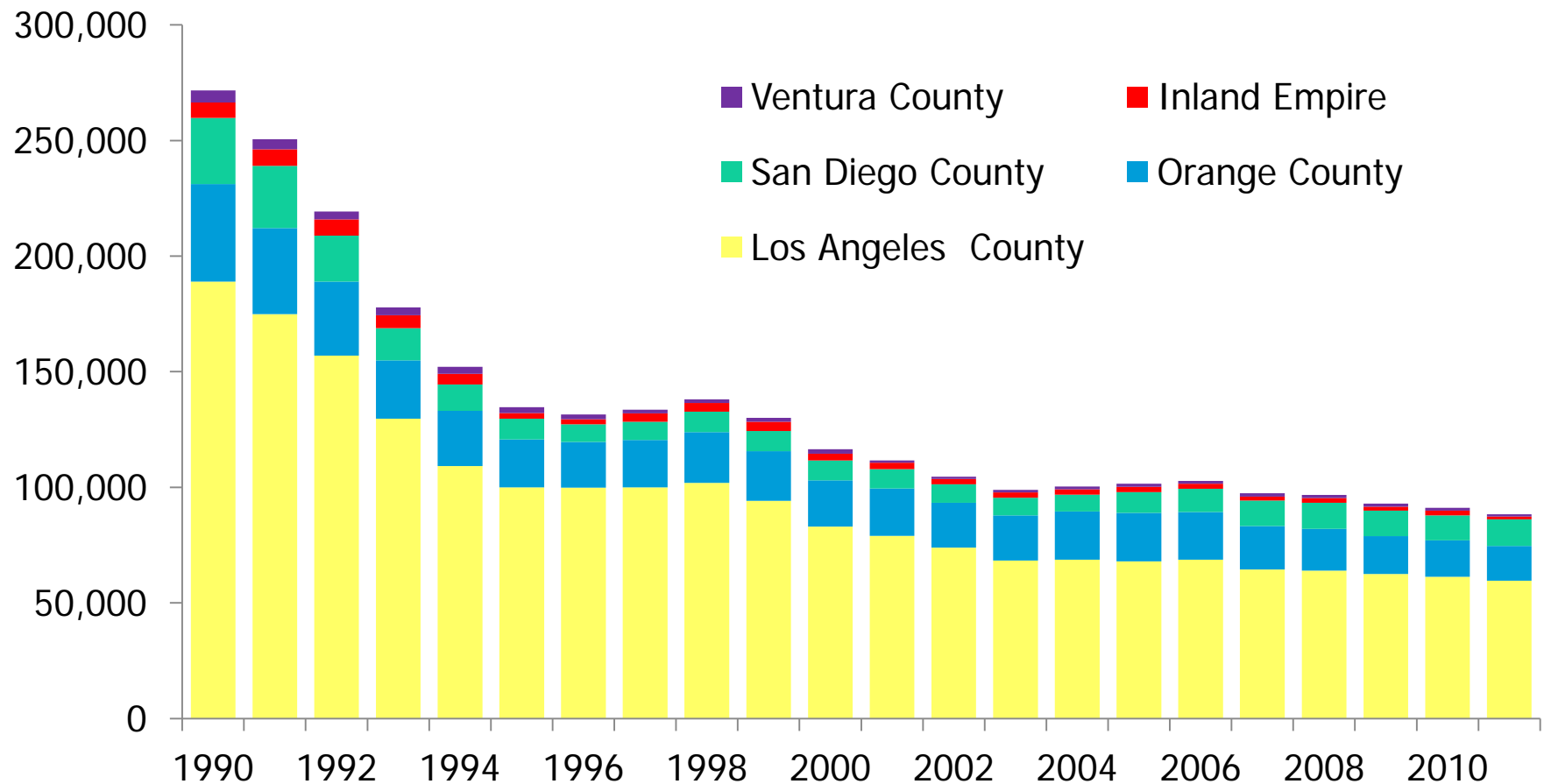
**1** in **4** U.S. aerospace jobs were in California

**1** in **10** U.S. aerospace jobs were in Los Angeles County

# Why Aerospace is Important

- Provides a significant number of high-skill, high-paying jobs
- Aerospace manufacturing jobs have a wage premium over wages in other manufacturing sectors
- Positive contribution to U.S. trade balance
- Technological innovation spill-over effects

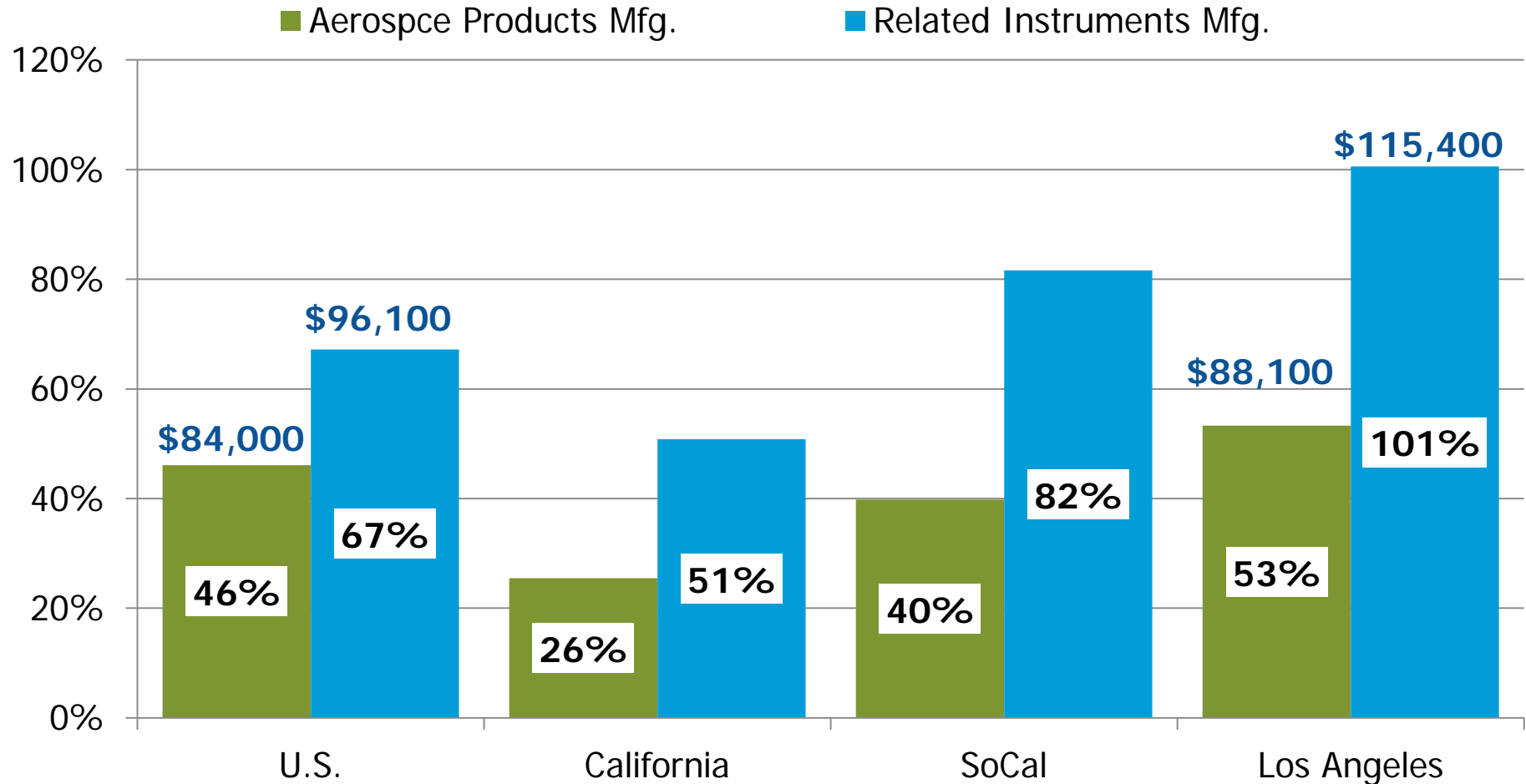
# Southern California Aerospace Employment



# Aerospace Employment Trends

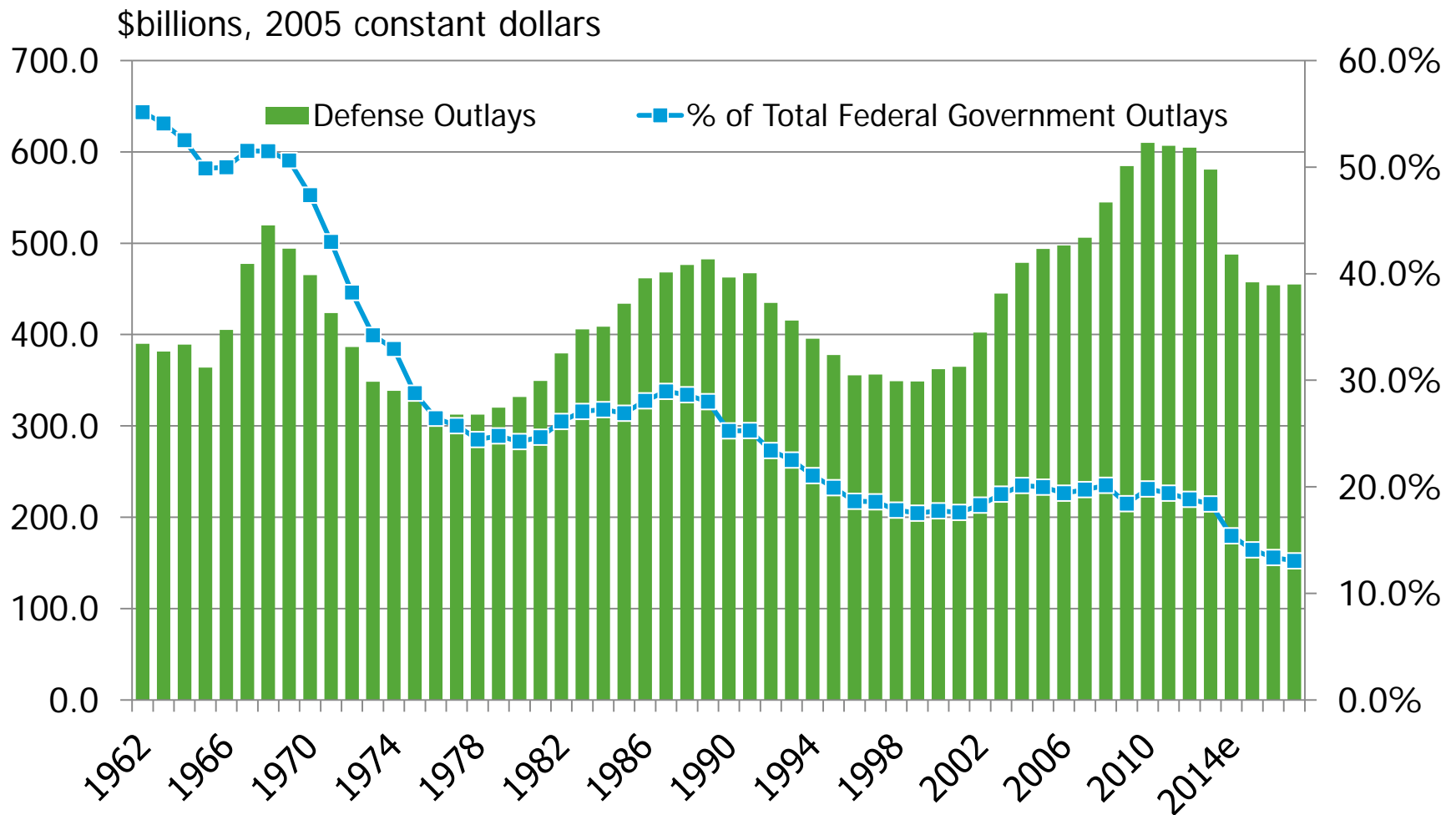
Region	Employment, thousands		1990- 2000 % Change	2000- 2010 % Change	1990- 2010 % change
	1990	2010			
U.S.	1,105.8	622.4	-40%	-6%	-44%
California	321.5	109.7	-57%	-21%	-66%
Southern California	271.7	91.1	-57%	-22%	-66%
Los Angeles County	189.0	61.3	-56%	-26%	-68%
Orange County	42.1	15.7	-53%	-21%	-63%
San Diego County	28.7	10.9	-70%	26%	-62%

# Aerospace Mfg. Wage Premiums

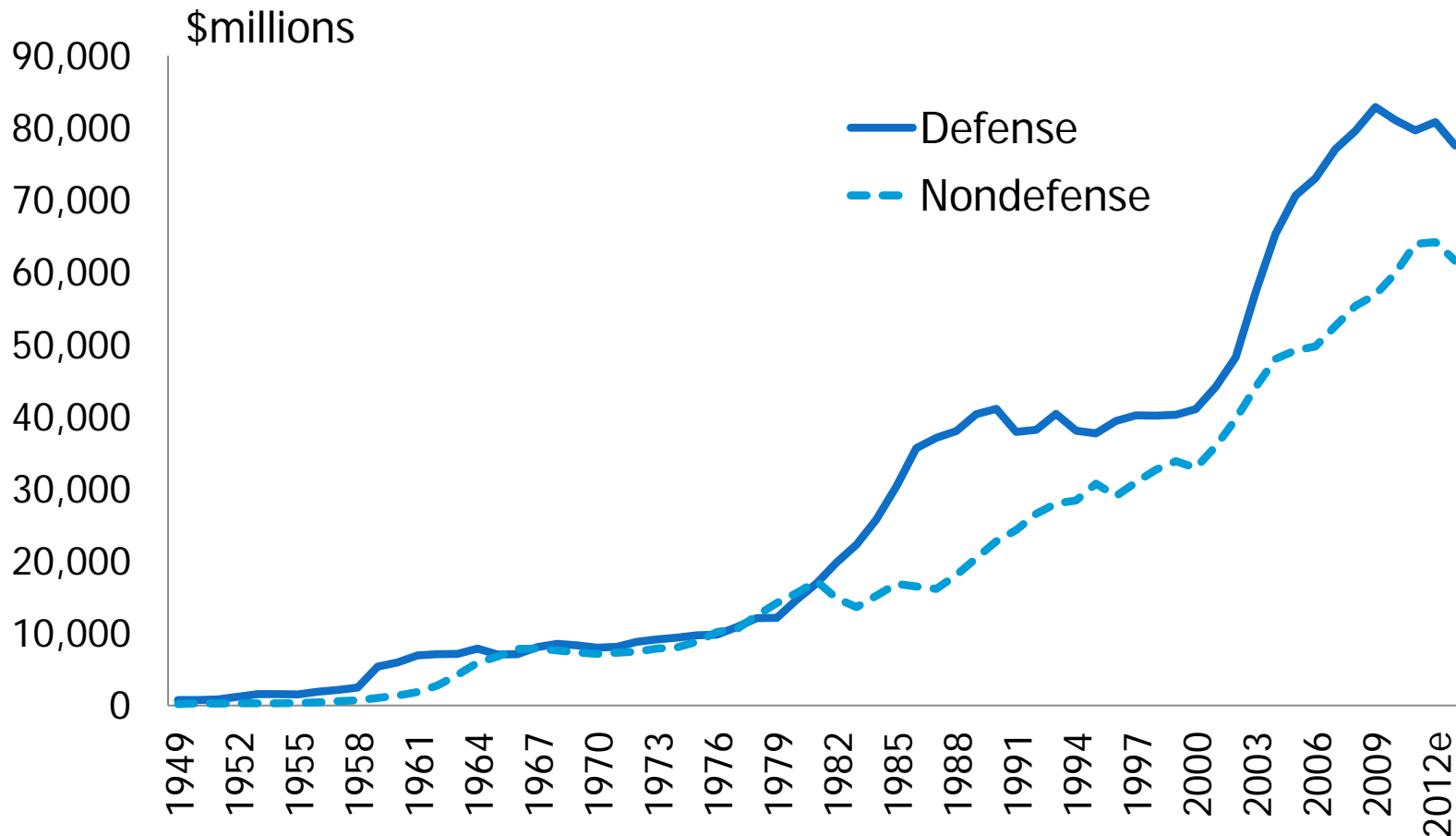




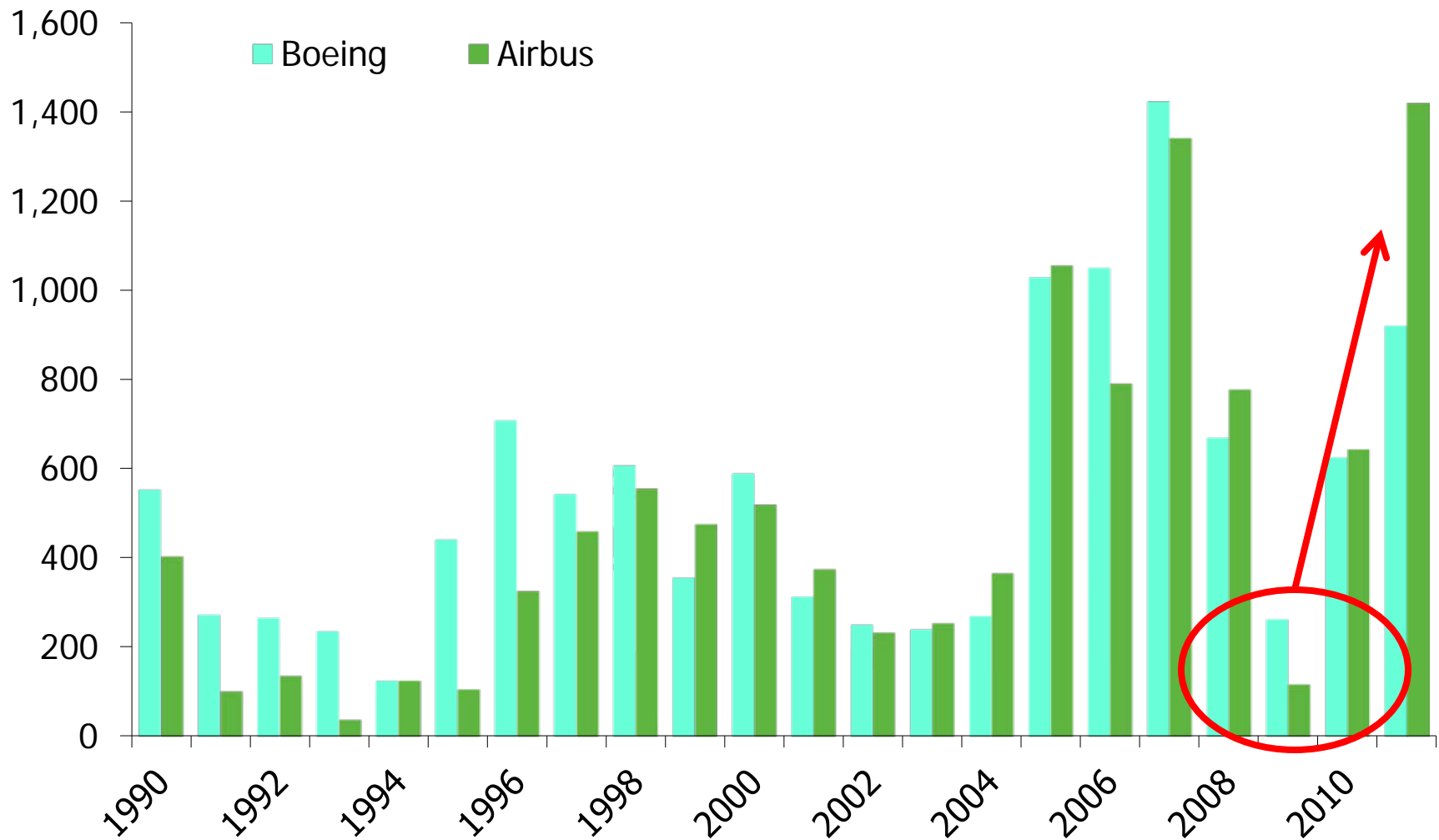
# U.S. Defense Outlays



# Composition of U.S. Federal Outlays for Research & Development



# Boeing & Airbus Orders



# Current Issues

- Pentagon budget cuts, sequestration
- Decline in federal R&D funding
- Foreign competition
- Privatization of space